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SUBJECT: Argentine Economy Minister Shuffle Augurs No Economic Changes

REF: (A) BUENOS AIRES 742
(B) BUENOS AIRES 627
(C) 2008 BUENOS AIRES 1680

Summary

[¶1.](#) (SBU) As predicted in Ref A (para 14), the GoA appointed Amado Boudou, previously the head of the GoA's social security administration, as the new Minister of Economy on July 7. Boudou, with a classical background in economics and a reputation as a mercenary, is seen as someone who will not interfere with the actions of interventionist Domestic Commerce Secretary Guillermo Moreno. The change is not expected to result in major shifts in the direction of the GoA's heterodox economic policy. End Summary.

The Names Have Changed

[¶2.](#) (SBU) The replacement of former Economy Minister Carlos Fernandez was one of several rumored Cabinet changes following the ruling Victory Front's (FpV) defeat in congressional mid-term elections. Fernandez maintained a very low profile during his just over one-year tenure. He was never seen as a significant economic policymaker, even before his portfolio was significantly reduced following the creation of the Ministry of Production in December 2008, taking Economy Ministry functions such as agriculture, industry and foreign trade along. Secretary of Domestic Commerce Guillermo Moreno, who ostensibly answered to Fernandez, has long been seen as more influential in economic policy matters by carrying out orders directly from First Gentleman and former President Nestor Kirchner. Boudou will be the fifth GoA Economic Minister since Moreno assumed his current position in April 2006.

[¶3.](#) (SBU) Boudou had previously been in charge of the GoA's Social Security agency (ANSES), a portfolio which grew considerably in importance since the GoA nationalized private pension funds in November 2008 (ref C). Boudou reportedly wrote the law which enacted that change. ANSES took over the administration of the pensions, and has been charged by President Cristina Fernandez de Kirchner with trying to stimulate the economy by using the acquired pension funds for home and car loans, as well as providing a loan to the local General Motors (GM) subsidiary to produce a new local car model (ref B). The loan programs have reportedly had little effect on home and car purchases, though this has not reflected poorly on Boudou's golden-boy reputation.

[¶4.](#) (SBU) Press reports note Boudou's market-oriented economic education at the Argentine Center of Macroeconomic Studies (CEMA, where Boudou received a doctorate in economics), but his tenure at

ANSES indicates that he adheres to the Kirchner line on economic issues - at the time of the renationalization of the pension funds, he called the privatization of the same a "failed experiment." Indeed, in a recent interview, CEMA's dean said that Boudou "apparently didn't pay attention" during his time at the school. Sergio Vargas, a local private attorney who has known Boudou for years, in a July 8 conversation with Acting EconCouns called Boudou a "mercenary" rather than an ideologue, and said that his assumption of Economy Minister duties means "more of the same" as before with respect to economic policy.

15. (SBU) Many local observers are interpreting Moreno's continuation as Secretary of Domestic Commerce as a sign that the Kirchners will eschew a course correction in economic policy. The highly controversial Moreno has long been seen as the driver and enforcer of GOA efforts to control prices and limit capital outflows, both through direct pressure on companies and by manipulation of official statistics. Several press accounts claim that Boudou got the Economy Ministry portfolio because he was the only candidate who did not insist on Moreno's departure as a condition for taking the job. Press reports state that when Moreno heard of the ministerial change, he replied, "I have my orders to keep working as I always have."

Comment

16. (SBU) While Economy Ministers come and go, Moreno's continual presence - and intervention in the economy - have more influence on the local economy than do decisions by the Economy Minister du jour. At the same time, Boudou's loyal service to President Fernandez de Kirchner certainly suggests that he will continue to follow her (and

Nestor Kirchner's) lead. End Comment.

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